PUBLIC NOTICE

Federal Communications Commission
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DA 02-3103
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DOMESTIC SECTION 214 APPLICATION FILED FOR CONSENT TO ASSIGN, AND TRANSFER CONTROL OF ENTITIES HOLDING DOMESTIC SECTION 214 AUTHORITY PURSUANT TO DEBTORS' JOINT PLAN OF REORGANIZATION.

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 02-~~257~~ 357

On September 25, 2002, Startec Global Communications Corp. (Startec), debtor-in-possession, on behalf of its wholly-owned subsidiaries Startec Global Operating Company ("Startec Operating") and Startec Global Licensing Company ("Startec Licensing"), debtors-in-possession, filed an application pursuant to section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, for Commission consent to assign the domestic section 214 authorizations held by Startec and its subsidiaries to themselves as reorganized debtors, in accordance with Debtors' Joint Plan of Reorganization, as amended ("the Plan") (as described below). In addition, pursuant to the terms of the Plan, Startec and Allied Capital Corporation ("Allied") request the Commission's approval of the transfer of control to Allied of the reorganized Startec and its reorganized subsidiaries, together with the international section 214 authorizations, minority interests in cable landing licenses, and domestic section 2 14 authorization enumerated below and in Attachment **A** to this application.[1]

Applicants assert that this transaction is entitled to presumptive streamlined treatment pursuant to section 63.03(b)(1)(ii) of the Commission's rules because the transferee, Allied, is not a telecommunications provider.[2]

Through its subsidiaries Startec Operating and Startec Licensing, Startec is a facilities-based provider of domestic services that makes particular efforts to meet the needs of select

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[1] As required by section 63.04(b) of the Commission's rules, 47 C.F.R. § 63.04, the applicants provide the information required for transfer of control of Startec Licensing's domestic Section 214 authority in an attachment. See Attachment A.

[2] See 47 C.F.R. § 63.03(b)(1)(ii).

ethnic businesses and residential communities located in major metropolitan areas – for example, through in-language customer service and long distance plans targeting foreign and emerging markets closely connected to these ethnic communities. Most Startec's traffic carried over **an** Internet Protocol ("IP") network, which allows it to integrate provision of voice, data, and Internet access services. Startec also offers wholesale Voice over IP ("VoIP") services to other international long distance carriers and Internet service providers. **A** publicly owned corporation, Allied provides private investment capital (in the form of both debt and equity securities) to private and undervalued public companies.

On December 14,2001, Startec and its wholly owned subsidiaries, Startec Global Operating Company and Startec Global Licensing Company, filed for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code for the District of Maryland (Greenbelt Division).[3] Startec, Startec Operating and Startec Licensing each continue in possession of their property and management of their businesses as a debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

On behalf of itself and its subsidiaries, Startec notified the Commission by letter on July 12, 2002, of the ***proforma*** assignment of the international section 214 authorizations held by Startec Operating (see section (d) below) to Startec Operating as debtor-in-possession, as well as the ***pro*** forma transfer of control of Startec Operating and its authorizations to Startec as debtor-in-possession.[4] On July 15,2002, Startec filed an application for the ***pro forma*** assignment of **its** minority interests in two cable landing licenses to itself as debtor-in-possession.[5] Then, on August 1, 2002, Startec also notified the Commission of the ***proforma*** assignment of the domestic Section 214 authority held by Startec Licensing to Startec Licensing **as** debtor-in-possession, as well as the resulting, ***proforma*** transfer of control of Startec Licensing and its domestic section 214 authority to Startec as debtor-in-possession. The present application is one of two applications being filed pursuant to the Plan.[6]

Under the terms of the Plan,[7] filed with the Bankruptcy Court on September 11, **2002,** and

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3 *In re Startec **Global** Communications Corp., et al.,* jointly administered under Case No. 01-25013.

4 Startec filed a similar letter on July 12, 2002, with respect to the ***pro forma*** transfer **of** control of the international section **214** authorization held **by** another wholly owned Startec subsidiary, PCI Communications. lnc. ("PCI").

5 Startec notes that this application was still pending **as** of the tiling of the present application.

6 **A** second application is being filed with respect to the transfer of control to Allied of Startec's wholly owned subsidiary PCI Communications, Inc., together with its domestic and international section **214** authorizations and its minority interests in cable landing licenses.

7 **A** copy of the Plan is attached hereto. The Plan must be voted on and approved **by** the creditors of Startec, Startec Operating. and Startec Licensing.

subject to Bankruptcy Court approval, Startec, Startec Operating, and Startec Licensing will be reorganized and incorporated as new Delaware corporations, with the reorganized Startec Operating and Startec Licensing continuing to be wholly owned subsidiaries of Startec. Among the three reorganized debtors, Startec Operating and Startec Licensing together will hold all of the entities' assets. Startec Operating will provide the international services and will hold the authorizations and licenses necessary for the provision thereof; similarly, Startec Licensing will provide all intrastate and interstate domestic services and will hold the licenses and authorizations required for those services.

Under the Plan, the reorganized Startec will have 50 million authorized shares of new common stock. Upon consummation, unless the general unsecured creditors and holders of pre-petition notes do not vote in favor of the Plan, 28 million shares of common stock will be issued as follows: 90% of the shares to Allied, 2.5% to NTFC Capital Corporation ("NTFC"), and the remaining 7.5% to be shared by unsecured creditors and holders of pre-petition notes.' Under the Plan, warrants and options will also be issued that, if exercised, would dilute Allied's share of common stock to 72%, and increase NTFC to 7%.[9] The warrant will be issued to NTFC, and the options will be issued to eligible employees.

In addition, Allied will receive 100% of the 6,300 shares of voting new preferred stock in the reorganized Startec. These shares will vote together with the new common stock as a class with each share having one vote. The new preferred stock will also have the right to vote separately on certain corporate actions, including the creation of new classes of preferred stock or changes in the preferred stock's rights, mergers, or consolidations, the sale of all or substantially all of Startec's assets, and liquidation or dissolution.

The assignments and transfers of control pursuant to the Plan will provide STartec, Startec Operating, and Startec Licensing with the best opportunity to continue providing domestic and international services to customers in the United States. Facilitating service to ethnic and linquistic communities, and connecting them with developing economies throughout the world via domestic and international long distance, Internet access, and data services, Startec and its subsidiaries play a vital role in an important niche market. For these reasons, the applicants respectfully submit that approval of this application is consistent with the public interest, convenience, and necessity, as required by section 63.18 of the Commission's rules, 47 C.F.R.
§ 63.18. Applicants assert that such approval also comports with the Commission's goal of "accommodate[ing] the policies of federal bankruptcy law with those of the Communications

8 If the general unsecured creditors and the holders of pre-petition notes do not vote in favor **of** the plan, **all** or a *part* of the **7.5%** originally allocated ***to*** them will be share, instead, by Allied and **NTFC.** Thus, **under** either alternative, Allied will hold at least a 90% controlling interest in the reorganized Startec.

9 The actual ownership percentages could vary slightly under the terms of the Plan, depending on the results of the creditors' vote, the exercise of options, etc. However, these variations should have no material effect on the substantial controlling interest Allied will hold in a reorganized Startec.

Act.[10]

GENERAL INFORMATION

The transfer of control application identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Interested parties may file **comments within 14 days** and **reply comments within 21 days** of this notice.[11] Unless otherwise notified by the Commission, an applicant is permitted to transfer control of the domestic lines or authorization to operate on the 31st day after the date of this notice. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. ***See Electronic Filing of Documents in Rulemaking Proceedings,*** 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemalung number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, "get form <your e-mail address>." **A** sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appear in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Vistronix, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, **N.E.,** Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, **SW,** Washington, D.C.

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[10] ***LaRose v. FCC,*** **494** F.2d 1145, **1146 (D.C.** Cir. **1974).**

[11] **See 47** C.F.R. § 63.03(a).

20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

(1) the Commission's duplicating contractor, Qualex International, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: qualexint@aol.com; facsimile: (202) 863-2898; phone: (202) 863-2893.

(2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: twilson@fcc.gov,and

(3) William Dever, Competition Policy Division, Wireline Competition Bureau, 445 12'' Street, S.W., Room, 5-C266, Washington, D.C. 20554; e-mail: wdever@fcc.gov; and

(4) Imani Ellis-Cheek, Telecommunications Division, International Bureau, 445 12th Street, S.W., Room 6-A739, Washington, D.C. 20554; email: iellis@fcc.gov; and

(5) Nandan Joshi, Office of General Counsel, 445 12th Street, S.W., Room 8-A820, Washington, D.C. 20554; e-mail: njoshi@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail qualexint@aol.com.

For further information, please contact Tracey Wilson, at (202) 418-1394 or William Dever, Competition Policy, Wireline Competition Bureau at (202) 418-1578.

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